



**HOME BUILDERS & REMODELERS ASSOCIATION
OF CONNECTICUT, INC.**

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*Your Home
Is Our
Business*

**Housing Committee
Public Hearing
Testimony
March 10, 2022**

To: Chairmen Rep. Williams, Sen. Lopes, Ranking Members Rep. Polletta,
Sen. Cicarella, and distinguished Members of the Housing Committee

From: Jim Perras, CEO

Regarding: Testimony on Raised S.B. No. 295 AN ACT CONCERNING TAX CREDITS FOR
ENERGY-EFFICIENT HOMES

The Home Builders and Remodelers Association of Connecticut (HBRA-CT) is a professional trade association with almost nine hundred business members statewide, employing tens of thousands of Connecticut residents. Our association of small businesses consists of residential and commercial builders, land developers, remodelers, general contractors, subcontractors, suppliers and those businesses and professionals that provide services to our diverse industry. We build between 70% to 80% of all new homes and apartments in Connecticut each year and engage in countless home remodeling projects.

The HBRA-CT thanks the Housing Committee for raising Senate Bill 295: An Act Concerning Tax Credits for Energy-Efficient Homes and urges the bill's passage. If enacted, SB 295 would allow buyers of energy efficient new construction to enjoy a tax credit against personal income of \$2500 for a single filer and \$5000 for those filing jointly.

What constitutes an energy-efficient home under this bill? A qualifying newly constructed home would have to test at a Home Energy Rating (HERS) index score of 50 points or lower (The lower the score the more efficient the home).

What is the Home Energy Rating System (HERS)? And what does a HERS rating of 50 mean for Connecticut homeowners? A home energy rating is an analysis of a home's energy efficiency; as per the [Home Energy Rating System \(HERS\) Index](http://www.resnet.us/energy-rating). The HERS Index is the nationally recognized scoring system for measuring a home's energy performance. Based on the results, as by a certified RESNET Home Energy Rater, an energy-rated home will receive a HERS Index Score. The HERS Index Score can be described as a sort of miles-per-gallon (MPG) sticker for houses, giving prospective buyers and homeowners an insight as to how the home ranks in terms of energy efficiency.¹ To put this all into context, the average HERS rating for a resale home in CT is 130. This would mean that a tax credit qualifying home under this

¹ <http://www.resnet.us/energy-rating>

bill with a HERS rating of 50 or lower would be at least 80% more efficient than the average resale home in Connecticut.

The hallmark of good public policy is one that positively impacts multiple policy areas simultaneously. SB 295 strikes that balance by addressing our state's skyrocketing affordability issues and the need to combat climate change. In contrast, simply mandating stricter codes would price more Connecticut residents out of the market, slow production beyond the stagnant numbers we're already seeing and exacerbate the housing scarcity issues that are contributing to exorbitant resale and rental costs.

The residential construction industry in the state of Connecticut has been building at recession levels since 2008, contributing to the scarcity of housing, and in turn, the skyrocketing cost to purchase and rent in Connecticut. In fact, housing production numbers in 2021, according to DECD, have not been lower since 2011, the height of the Great Recession. More troubling, over recent years the percentage of homeownership rates in Connecticut, seen as a measure of economic well-being, has been on the decline while the U.S. saw an overall uptick.²

What would passage of SB 295, mean to Connecticut Taxpayers and the Connecticut economy?

It means more jobs, more state and local revenues and a more robust state economy. Based on a 2019 NAHB Housing Policy Department study titled, "The Economic Impact of Home Building in Connecticut: Income, Jobs, and Taxes Generated"³ for every 1000 new single-family homes built would generate:

- 3340 new jobs created
- \$295 million in wages, and
- \$47 million in taxes, fees and charges paid to state and local government – in the first year alone

In the end, a tax incentive will pay for itself, homeowners will see significant savings throughout the life of their homes, and we'll be doing our part to help Connecticut achieve its goals of reduced greenhouse gas emissions.

Thank you, for the opportunity to provide testimony on SB 295.

² <https://www.census.gov/content/dam/Census/library/publications/2021/acs/acsbr-010.pdf>

³ <https://hbact.org/media/8196/r4JkyLXwcq9l.pdf>